

Message Text

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FM AMEMBASSY BUJUMBURA

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USMISSION USUN NEW YORK

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E.O. 11652: N/A

TAGS: EMIN, INV, BY

SUBJECT: STATUS OF NICKEL AND URANIUM DEPOSIT STUDIES IN BURUNDI

REF: BUJUMBURA 854 (NOTAL)

1. ALBERT AUCLAIR, TEMPORARILY REPRESENTATIVE OF MAURICE TEMPELSMAN IN GABON (BUT FORMERLY, WHEN IN LUBUMBASHI, INVOLVED IN BURUNDI NICKEL PROJECT) SPENT SEPT 29 TO OCT 2 IN BUJUMBURA TO SIZE UP LOCAL SITUATION. TEMPELSMAN HAD SENT HIM AFTER HEARING FROM DEPARTMENT OF RUMOR CURRENT HERE (BUJUMBURA 771 NOTAL) THAT TEMPELSMAN WAS PULLING OUT OF NICKEL PROJECT. AUCLAIR SAID CATEGORICALLY THAT THIS IS UNTRUE, AND HE DESCRIBED TEMPELSMAN AS INTERESTED "ON A LOW PRIORITY BASIS" IN KEEPING ABREAST OF PROJECT DEVELOPMENTS AND SUPPORTING CURRENT STUDY PHASE AS LONG AS IT REQUIRED NO OUTLAY OF COMPANY FUNDS.

2. AUCLAIR SEEMS AWARE OF PROBLEMS OF UNDP MINERALS TEAM AS NOTED REFTTEL, BUT IN VIEW OF ABSENCE FROM COUNTRY OF BOTH FINANCE MINISTER MPOZAGARA AND DIRECTOR GENERAL OF MINES NDEZAKO, AUCLAIR WAS NOT ABLE TO ELICIT HIGH LEVEL BURUNDIAN THINKING ON LIMITED OFFICIAL USE

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WHERE THEY SEE PROJECT HEADING. HE CONFIRMED THAT BURUNDI HAS

NOW GIVEN GO AHEAD TO UNDP IN NEW YORK TO CONCLUDE CONTRACT, AT BURUNDI'S OWN EXPENSE, WITH ANY ONE OF FOUR COMPANIES APPROVED BY GRB TO CARRY OUT FULL PRE-FEASIBILITY STUDY ON METALLURGICAL PROCESSING PROBLEMS OF BURUNDI'S LATERITE NICKEL ORES. UNIVERSAL OIL PRODUCTS COMPANY OF DESPLAINES, ILLINOIS SEEMS TO HAVE LEADING CHANCE AMONG THE FOUR. BURUNDI IS ALSO GETTING NEAR AGREEMENT ON ANOTHER PORTION OF PRE-FEASIBILITY STUDY, NAMELY, NICKYT TRANS-RAPORT PROBLEMS, AND U.S. FIRM, LOUIS BERGER INTERNATIONAL, ALREADY HERE UNDER DIFFERENT IBRD ROAD STUDY CONTRACT, HAS GOOD CHANCE OF THIS AWARD. BURUNDI BELIEVES IT HAS ON HAND AN ADEQUATE SURVEY OF ITS HYDROELECTRIC POTENTIAL IN REGARD TO NICKEL PROCESSING NEEDS FROM A STUDY RECENTLY FINISHED BY AN ITALIAN ENGINEERING FIRM.

3. AUCLAIR SAYS THAT BY MIDDLE OR LATE 1977, ENOUGH OF THESE SEPARATE STUDIES MAY BE FINISHED TO ALLOW MEMBERS OF WOULD-BE NICKEL CONSORTIUM TO REASSEMBLE (LAST MEETING WAS IN PARIS IN DECEMBER 1975) TO CONSIDER WHETHER TO REACTIVATE THEIR INVOLVEMENT IN BURUNDI. HE SAYS THIS WILL MOSTLY DEPEND ON WORLD MARKET CONDITIONS AND PROSPECTS OF COMPETING NICKEL SOURCES, BECAUSE UTILITY OF ALL PRE-FEASIBILITY STUDIES HERE WILL NOT BE TO FURNISH POSITIVE REASONS FOR INVESTMENT IN BURUNDI, BUT RATHER TO CONFIRM TO ENTREPRENEURS THAT THERE ARE NO MAJOR NEGATIVE ASPECTS ABOUT PROJECT WHICH SHOULD LEAD THEM TO DROP IT IMMEDIATELY. IN THIS REGARD, AUCLAIR NOTES THAT ALLEGHENY-LUDLUM, WHICH WOULD BE CHEIF CONSUMER OF BURUNDI NICKEL, IS STILL VERY MUCH INTERESTED IN ITS OWN METAL SOURCE, IF THE PRICE IS RIGHT.

4. TRAVELING WITH AUCLAIR WAS DR. GEORGE S. DISLER, A MINING ENGINEER FROM TORONTO, WHO IS MANAGER OF EXPLORATION AND INTERNATIONAL PROJECTS FOR THE NORANDA CORP. HE WAS PARTICULARLY INTERESTED IN BURUNDI'S URANIUM POTENTIAL, BUT GIVEN ABSENCE OF TOP OFFICIALS NOTED ABOVE AS WELL AS GENERAL BURUNDI SECRETIVENESS, HE WAS UNABLE TO GET NEW INFORMATION ABOUT URANIUM PROSPECTS OR TO VISIT DRILLING SITES (WHERE WORK IN ABSENCE AS PER REFTEL). DISLER DID TALK WITH PLANNING MINISTER BIHUTE, BUT LATTER WAS NOT UP TO DATE ON URANIUM EITHER.

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5. NONETHELESS, DISLER IS IMPRESSED WITH BURUNDI POTENTIAL IN THIS FIELD. HE WILL TRY TO GET HIS COMPANY TO MAKE FORMAL OFFER TO BURUNDI TOTAKE ON EXPLORATORY DRILLING JOB AND COSTS THEREOF, IN RETURN FOR CONCESSIONARY GRANT TO NORANDA IF ANYTHING PROMISING TURNS UP. HE SAYS THAT HIS TALKS WITH LOWER LEVEL BURUNDIANS GIVE HIM THE IMPRESSION THAT ALL SEEM TO BELIEVE THAT BURUNDI HAS GREAT TREASURE WHICH A RAPACIOUS WORLD IS SCHEMING TO CHEAT THEM ON. IN FACT, CAPITAL IS SCARCE, AND

MANY POSSIBLE MINERALS PROJECTS ARE IN COMPETITION FOR IT.
BURUNDI WOULD BE WELL ADVISED TO BE MORE OPEN AND COOPERATIVE
WITH FOREIGN FIRMS THAT COULD BRING LARGE BENEFITS.¹

6. FROM OCTOBER 3 TO 5, DISLER WAS IN KIGALI TO SEE HOW UNDP
MINERALS TEAM THERE WAS DOING, ESPECIALLY IN EXPLORING FOR URANIUM
DEPOSITS IN AREA ADJACENT TO WHERE THEY HAVE BEEN FOUND IN
BURUNDI. WHILE PASSING BACK THROUGH BUJUMBURA OCT 5, DISLER
SAID THAT TEAM'S SITUATION IN RWANDA WAS WORSE THAN IN BURUNDI.
ALMOST NO FIELD WORK WAS BEING DONE, AND RWANDAN COUNTERPART
"EXPERTS" TO FOREIGN EXPERTS ON TEAM WERE BOTH INCOMPETENT
AND USUALLY NOT ON JOB. HE SAW NO LIKELIHOOD OF BILATERAL COOPERA-
TION ON URANIUM UNLESS PERHAPS MATTER WERE DRAWN TO ATTENTION
OF TWO PRESIDENTS AND THEY THEN ACTED AFFIRMATIVELY. DISLER IS
SURE NEVERTHELESS THAT SOME OF BURUNDI'S URANIUM DEPOSITS DO
EXTEND OVER INTO RWANDA.
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